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Consumer and
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Exhibit 19

SUMMARY OF ILLINOIS FARM BUSINESS RECORDS

for

2000

Commercial Farms

Production Costs

Income

Investments

C1375B



Illinois Farm Business Farm Management Association

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Summary of Illinois Farm Business Records for 2000
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tively low. Feed cost per hundredweight produced decreased 2 percent, while the average price received for market cattle increased 7 percent in 2000 compared to 1999. The price paid for feeder cattle increased 13 percent. The value of farm production for this group of farms averaged \$242,936, or \$8,847 more than in 1999 and the highest in the last six years. Cash operating income averaged \$622,190, purchased feed and livestock totaled \$416,041, and net cash operating income averaged \$206,149.

Management returns of a *negative* \$31,824 in 2000 for these farms were the second lowest for any type of farm in Illinois. Management returns averaged a *negative* \$27,974 for the period 1997 through 2000. Capital purchases were \$39,555 in 2000, compared to \$30,118 in 1999 and \$26,889 for the 1997 through 2000 average. Cash operating expenses, excluding purchases of feed and livestock, totaled \$173,474. The net cash balance for these farms was a *negative* \$6,881.

Costs and returns to produce beef from 1997 through 2000, based on a detailed breakdown of individual costs from a selected sample of beef farms, are shown in Table 15. Total costs exceeded total returns in 2000; in 1999 total returns exceeded total costs. An analysis of feeder cattle enterprises is discussed in detail under the livestock section.

Farm operators in this group owned 40 percent of the land they farmed. They crop shared 24 percent and cash rented 36 percent. Operators in this group averaged the highest amount of interest paid, \$26,016. They planted 67 percent of their tillable land to corn or corn silage, the highest for any type of farm. They also had 7 percent of their tillable land in hay and pasture. These farms used 16.0 months of total labor. The average corn yield on these farms was 154 bushels per acre and the average soybean yield was 50 bushels per acre. The soybean yield was the highest for any type of farm.

Farms on which beef cattle are raised or fed continue to compete for resources in Illinois where nonmarketable resources—such as roughage, labor, and buildings—or very high levels of management are available. Relatively low fed cattle prices continue to limit earnings on these farms. In recent years, this type of farm has survived primarily where there are large amounts of debt-free capital that have been combined with very high levels of management.

Dairy farms. The operator's net farm income for northern and central Illinois dairy farms having 340 to 799 acres averaged \$32,003 in 2000 (Table 8). This figure was \$16,909 below the 1999 figure and \$14,367 below the 5-year average from 1996 through 2000. These farms averaged 20,415 hundredweight of milk produced.

Lower milk prices were one factor resulting in lower earnings. The value of farm production was \$312,835 the fourth highest for any type of farm in Illinois in 2000. This was \$26,178 higher than 1999 and \$26,465 above the 1997-

Table 8. Averages for Selected Total Farm Items on 340- to 799-Acre Northern Illinois Dairy Farms

	2000	1999	1996-00 average
Number of farms	34	31	39
Total acres	583	542	545
Soil productivity rating	73	74	73
Percent land owned	40	34	37
Percent land crop shared	11	18	17
Percent land cash rented	49	48	46
Cash operating income	\$393,824	\$347,106	\$348,027
Less purch. feed, lvstk	<u>80,510</u>	<u>63,067</u>	<u>68,700</u>
Net cash operating income	\$313,314	\$284,039	\$279,327
Accounts receivable change ..	681	301	168
Inventory change	<u>(1,160)</u>	<u>2,317</u>	<u>6,875</u>
Value of farm production	\$312,835	\$286,657	\$286,370
Total cash op. expenses	\$246,702	\$214,011	\$210,687
Prepaid-unpaid change	2,278	(4,454)	221
Annual depreciation	<u>31,852</u>	<u>28,188</u>	<u>29,092</u>
Net farm income	\$ 32,003	\$ 48,912	\$ 46,370
Net farm income per operator	\$27,431	\$41,570	\$36,022
Unpaid labor charge	36,101	32,111	32,311
Returns to capital & mgmt.	(4,098)	16,801	14,059
Interest charge on capital	32,883	25,221	26,918
Management returns	(\$36,981)	(\$8,420)	(\$12,859)
Total cash income ^a	\$313,313	\$284,039	\$279,327
Total cash expenditures ^a	<u>299,401</u>	<u>252,622</u>	<u>253,552</u>
Cash balance	\$ 13,912	\$ 31,417	\$ 25,775
Capital purchases	52,699	38,612	42,865

^aIncludes sales or purchases of capital items.

2000 average. This was also the highest for these farmers during the last six years. Cash operating expenses totaled \$246,702, 15 percent more than in 1999. (A detailed breakdown of the cost of producing milk can be found in Table 17.) Management returns were a *negative* \$36,981. Management returns were \$28,561 lower than the 1999 figure and \$24,122 lower than the 5-year average from 1996 through 2000. These farms had the lowest management returns of any type of farm in the state. Capital purchases increased to \$52,699, compared to \$38,612 in 1999 and the 1996 through 2000 average of \$42,865. This is the second highest level of capital purchases for any type of farm. Annual depreciation on these farms averaged \$31,852. These farms used 28.5 months of total labor, 13.8 months of which was hired labor. The total labor used was the second highest for any type of farm in the state. The average interest expense paid by these operators, \$24,757, was the third highest of any farm type.

Farm operators in this group owned 40 percent of the land they farmed and cash rented 49 percent. Over 22 percent of the land they farmed was in hay ground, the highest for any type of farm; 52 percent was in corn and corn silage. Over 90 percent of the value of crop produced was fed to livestock. The average price received for milk in 2000 was 20 percent lower than the average price received in 1999.

Southern Illinois farms

Grain farms. The operator's net farm income for southern Illinois grain farms having 340 to 799 acres averaged \$36,045 in 2000 (Table 9). This income is \$29,843 above net farm income in 1999 and \$17,270 above the average from 1996 through 2000. This income was the lowest for any type of farm in southern Illinois but the highest for this type of farm in the last six years. The total value of farm production of \$154,324 was \$29,678 above 1999 and was the lowest of any type of farm in Illinois. In 2000, higher corn and soybean yields contributed to an \$18,642 increase in the value of inventories. Compared to 1999, corn yields in 2000 were 31 bushels per acre higher; soybean yields were 8 bushels per acre higher; and wheat yields were 6 bushels per acre lower. Crop returns on these farms were \$309 per acre in 2000, compared to \$244 per acre in 1999. Annual depreciation of \$16,319 was \$203 lower than in 1999. The cash balance of \$14,254 was lower than southern Illinois dairy and hog farms. Capital purchases in 2000 were \$18,801, which is \$5,213 more than the previous year. Interest paid by operators of these farms was \$10,846 the lowest for any type of farm in Illinois.

Management returns were a *negative* \$5,173 for these farms, \$26,398 more than in 1999 and \$14,701 more than the 1996 through 2000 average. These operators owned 34 percent of the land they farmed, crop shared 44 per-

cent, and cash rented 22 percent. The percentage of land cash rented was the lowest for any type of farm in Illinois. Corn was planted on 40 percent of the acres, soybeans on 45 percent, and wheat on 9 percent. Prices received for old crop corn was \$1.97 per bushel in 2000, compared to \$2.08 in 1999. The price received for old-crop soybeans was \$4.91 per bushel compared to \$4.92 in 1999. The average price received for new-crop corn was \$1.97 per bushel and \$4.55 for new-crop soybeans.

Hog farms. The operator's net farm income for southern Illinois hog farms having 340 to 799 acres averaged \$85,690 in 2000 (Table 9). This income was \$53,211 higher than net farm income in 1999 and \$58,239 higher than the 1996 through 2000 average net farm income of \$27,451. This was the third highest income for any type of farm in Illinois and the highest for this type of farm in many years. Earnings improved compared to the previous year, largely due to higher prices for hogs. Inventory values on these farms increased by \$56,719, compared to a \$9,196 increase in 1999. Low feed costs also contributed to the higher earnings. The value of farm production was \$337,969. The value of farm production was 40 percent higher than the year before. Purchased feed of \$164,049 was the highest for any of the livestock farms.

Management returns for 2000 were \$34,914, which is \$45,590 higher than 1999 and \$52,934 higher than the 1996

Table 9. Averages for Selected Total Farm Items on 340- to 799-Acre Southern Illinois Grain, Hog, and Dairy Farms

	Grain Farms			Hog Farms			Dairy Farms		
	2000	1999	1996-00 average	2000	1999	1996-00 average	2000	1999	1996-00 average
Number of farms	138	146	143	18	25	24	10	19	17
Total acres	634	642	648	579	603	628	532	554	541
Soil productivity rating	58	58	58	58	58	57	60	60	59
Percent land owned	34	35	35	31	28	35	36	39	34
Percent land crop shared ...	44	43	45	32	35	36	6	9	10
Percent land cash rented ...	22	22	20	38	36	29	59	52	56
Cash operating income	\$142,869	\$139,667	\$144,278	\$562,516	\$382,585	\$388,031	\$516,709	\$403,394	\$419,360
Less purch. feed, lvstk	<u>7,381</u>	<u>4,521</u>	<u>6,040</u>	<u>283,092</u>	<u>152,282</u>	<u>161,757</u>	<u>150,705</u>	<u>77,545</u>	<u>111,568</u>
Net cash op. income	\$135,488	\$135,146	\$138,238	\$279,424	\$230,303	\$226,274	\$366,004	\$325,849	\$307,792
Accounts rec. change	194	137	155	(1,174)	1,565	90	(221)	235	(12)
Inventory change	<u>18,642</u>	<u>(10,637)</u>	<u>145</u>	<u>56,719</u>	<u>9,196</u>	<u>3,606</u>	<u>23,571</u>	<u>(1,486)</u>	<u>7,966</u>
Value of farm prod.	\$154,324	\$124,646	\$138,538	\$337,969	\$241,064	\$229,970	\$389,354	\$324,598	\$315,746
Total cash op. expenses ..	\$102,435	\$102,012	\$102,711	\$222,700	\$177,256	\$173,232	\$261,952	\$211,009	\$210,632
Prepaid-unpaid change	(475)	(90)	(34)	(5,275)	1,715	420	(13,853)	3,996	(1,309)
Annual depreciation	<u>16,319</u>	<u>16,522</u>	<u>17,086</u>	<u>34,854</u>	<u>29,614</u>	<u>28,867</u>	<u>49,825</u>	<u>39,209</u>	<u>38,315</u>
Net farm income	\$36,045	\$6,202	\$18,775	\$85,690	\$32,479	\$27,451	\$91,430	\$70,384	\$68,108
Net farm income per op'er	\$35,479	\$6,534	\$18,538	\$59,115	\$22,644	\$17,902	\$67,275	\$49,573	\$46,434
Unpaid labor charge	27,928	25,552	24,401	29,128	28,023	27,022	44,345	38,979	37,767
Returns to cap. & mgmt. ..	8,117	(19,350)	(5,626)	56,562	4,456	429	47,085	31,405	30,341
Interest charge on capital ..	<u>13,290</u>	<u>12,221</u>	<u>14,248</u>	<u>21,648</u>	<u>15,132</u>	<u>18,449</u>	<u>47,478</u>	<u>32,230</u>	<u>32,672</u>
Management returns	(\$5,173)	(\$31,571)	(\$19,874)	\$34,914	(\$10,676)	(\$18,020)	(\$393)	(\$825)	(\$2,331)
Total cash income ^a	\$135,489	\$135,146	\$138,238	\$279,424	\$230,303	\$226,273	\$366,005	\$325,849	\$307,792
Total cash expenditures ^a ..	<u>121,235</u>	<u>115,600</u>	<u>120,960</u>	<u>251,466</u>	<u>206,682</u>	<u>207,106</u>	<u>332,822</u>	<u>294,761</u>	<u>278,017</u>
Cash balance	\$ 14,254	\$ 19,546	\$ 17,278	\$ 27,958	\$ 23,621	\$ 19,167	\$ 33,183	\$ 31,088	\$ 29,775
Capital purchases	18,801	13,588	18,249	28,766	29,427	33,874	70,871	83,752	67,385

^aIncludes sales or purchases of capital items.

through 2000 average management returns of a *negative* \$18,020. Management returns for these farms was the highest for any type of farm in Illinois. Capital purchases were \$28,766 in 2000, which is \$661 lower than in 1999 and \$5,108 lower than the 1996 through 2000 average. Cash operating expenses totaled \$222,700, and the annual depreciation of \$34,854 was \$5,240 more than in 1999. Interest expense paid by the operators averaged \$25,083, the second highest for any type of farm in Illinois. The total months of labor used on these farms was 22.0.

Operators in this group owned 31 percent of the land they farmed and crop shared 32 percent. The remaining 37 percent was cash rented. Producers planted 48 percent of their tillable land to corn, 43 percent to soybeans, and 4 percent to wheat. The average corn yield on these farms was 137 bushels per acre; the average soybean yield was 44 bushels per acre.

Dairy farms. The operator's net farm income in 2000 for southern Illinois dairy farms having 340 to 799 acres averaged \$91,430 (Table 9). This figure is \$21,046 above the net farm income earned in 1999, and \$23,322 above the average for the period from 1996 through 2000. This net farm income was the highest earned by any type of participating farm of this size in Illinois in 2000. Low feed costs and good crop returns supported incomes on these

farms. The value of production totaled \$389,354, including a \$23,571 inventory value increase. Cash operating expenses totaled \$261,952. Depreciation was \$49,825, which was \$10,616 more than the year before.

Capital purchases of \$70,871 were \$12,881 below 1999 capital purchases and \$3,486 above the average capital purchases for 1996 through 2000. This was \$18,172 higher than the average capital purchases for any other type of farm in Illinois. Northern Illinois dairy farms averaged \$52,699.

Management returns for this type of farm were a *negative* \$393 in 2000. This was the third highest amount of management returns for any type of farms in Illinois. The unpaid labor charge of \$44,345 was the highest for any type of farm in Illinois. These farms averaged 37.8 months of total labor, the highest in the state. (Northern Illinois dairy farms averaged 28.5 months of total labor.) The southern Illinois operators owned 36 percent of the land they farmed and cash rented 59 percent. Only 5 percent was crop shared, the lowest for any type of farm in Illinois. These farms planted 50 percent of their tillable land in corn and corn silage, with 15 percent in hay and pasture. These farms averaged 30,124 hundredweight of milk produced per farm, compared to 20,415 hundredweight of milk produced for dairy farms in northern Illinois.

Table 10. Returns per \$100 of Feed Fed to Different Classes of Livestock

Year	Farrow- to-finish hogs	Feeder pig finishing	Feeder pig production	Feeder cattle bought	Dairy cow herds	Beef cow herds	Native sheep raised	Yearly price of corn
----- dollars -----								
1986	215	178	254	149	210	125	156	2.01
1987	217	168	232	196	237	168	141	1.61
1988	152	127	158	150	198	150	115	2.32
1989	162	141	167	145	209	144	96	2.48
1990	206	165	247	162	220	165	98	2.44
1991	168	128	199	109	188	129	64	2.41
1992	166	140	167	164	211	142	116	2.35
1993	174	133	197	143	191	133	95	2.28
1994	138	110	166	114	196	117	146	2.44
1995	167	147	183	124	177	89	159	2.61
1996	167	149	186	113	167	79	128	3.70
1997	161	122	238	122	169	116	141	2.71
1998	104	97	279	105	220	107	128	2.31
1999	178	150	374	160	233	149	131	1.97
2000	212	166	327	147	197	141	140	1.89
Averages								
1986-2000	172	141	225	140	202	130	124	2.37
1986-1990	190	156	212	160	215	150	121	2.17
1991-1995	163	132	182	131	193	122	116	2.42
1996-2000	164	137	281	129	197	118	134	2.52

utilization by the feeder cattle enterprise has decreased during the past 5 years; the 10-year average for the period from 1981 through 1990 was 783 pounds per 100 pounds of beef produced, compared to 528 pounds for the period from 1991 through 2000. The use of 461 pounds per 100 pounds of beef produced in 2000 was one of the smallest amounts fed since 1963. The high initial investment required for many silage feeding operations and a slowdown in capital purchases may denote more reliance on higher concentrate and dry roughage facilities.

These data do not show the wide variation that exists in profits among cattle-feeding programs. The data on Illinois feeder cattle enterprises in Tables 10, 11, and 14 reflect the composite results of all qualities and ages of cattle fed. The data are heavily weighted, with good-to-choice calves and yearlings as the predominant cattle feeding system. Most farmers feed more than one drove of cattle each year to better utilize their fixed investments in mechanized feedlots.

The return above the cost of feed and purchased animals averaged \$11.88 per 100 pounds of beef produced from 1996 through 2000 (Table 11). During this period, returns ranged from \$2.05 in 1998 to \$21.97 in 1999. The returns above feed costs have remained below the estimated cost of \$19.00 per 100 pounds produced required to pay for all nonfeed costs for the average cattle feeder for the past 5 years. The 2000 return of \$16.87 was the second highest since 1992.

The data in Table 15 show a detailed breakdown for the period from 1997 through 2000 on costs and returns to produce beef on beef-feeding farms. The farms included had no other livestock. All costs were accounted for, either in crops or in the beef-feeding enterprise. The figure for feed costs is based on the assumption that all the grain and roughage fed was produced on the farm and was marketable.

The data show that these farms were finishing an average of 880 feeders each year from 1997 through 2000. The 4-year average total cash cost including feed and interest charged on cattle, was \$51.43 per 100 pounds of beef produced. The average total returns of \$51.94 for the same period was more than total cash costs by 51 cents per 100 pounds produced, or about \$2.50 per feeder.

Some feeders may be able to discount some of these cash costs for roughage fed and for interest on cattle if they had no market for the roughage or were able to use their own money to invest in cattle without paying interest. Total other costs of \$6.13 per 100 pounds of beef produced, or \$29 per feeder (\$6.13 multiplied by 4.75 hundredweight of gain per feeder), include depreciation, labor, and interest. Adding the other costs to cash costs results in total costs of \$57.56 per hundredweight over the 4-year period.

A number of cattle feeders in Illinois apparently will feed cattle as long as their return covers feed and cash costs even if it falls short of paying market rates for some

nonmarketable roughage and fixed and overhead costs; however, this number is declining.

Farmers' values, goals, and attitudes have been important in maintaining production, but the dictates of the market, technological changes, and shifts in the basic factors of supply and demand continue to cause changes. The return reflected in these averages for the feeder-cattle enterprise suggests that to be profitable, farmers must produce the kind of beef the consumer wants at the lowest possible cost. Even though farms may have nonmarketable feeds, unemployed labor, or fixed capital investments in facilities, these data indicate returns are not consistently high enough to justify the building of new facilities.

Dairy enterprises

The minimum size for a herd included in this analysis was 10 milk cows. The average herd size on recordkeeping farms increased steadily at an average of 1.8 cows per year, from 42 in 1970 to 63 in 1982. The herd size remained steady, between 63 and 70 cows, up to 1994. Since then

Table 16. Dairy Cattle Enterprises, 2000 Averages Per Farm

	All farms	High efficiency	
		40 to 79 cows	80 or more cows
Number of farms	138	20	19
Number of cows	84.1	59.2	144.3
Milk cows dry, %	13.3	11.7	14.2
Animal units in herd	138	96	226
Total returns	\$211,967	\$160,372	\$409,828
Value of feed fed	\$107,811	\$ 65,026	\$169,588
Return per \$100 of feed fed	\$197	\$247	\$242
Return above feed per cow	\$1,239	\$1,610	\$1,664
Total milk produced, cwt	15,727	10,899	28,805
Lbs of milk per cow	18,702	18,401	19,955
Lbs of butterfat per cow	710	676	742
Total beef produced, lbs	46,841	40,720	79,370
Pounds of beef per cow	557	687	550
Death loss, % lbs produced	18.1	13.0	17.0
Price received for:			
cwt milk	\$11.84	\$12.24	\$11.99
cwt beef	\$78.41	\$68.30	\$69.57
Per cwt milk equivalent: ^a			
Feed cost	\$6.28	\$5.10	\$5.39
Grain, lbs	31	32	24
Protein and minerals, lbs	22	12	25
Total concentrates, lbs	53	44	49
Hay & dry roughage, lbs	25	23	16
Corn silage, lbs	83	57	75
Other silage, lbs	38	42	27
Pasture days per animal unit	15	1	16
Hay equivalent per cow, tons	7.4	6.5	6.1
Concentrates per cow, lbs	10,853	9,450	10,748

^aMilk equivalent equals value of beef produced divided by average price received per cwt milk plus cwt of milk produced.

the size of the herd has been steadily increasing. The 2000 average herd size of 84.1 cows is slightly above the 1999 average of 82.4 cows. This is a reflection of some of the same trends occurring in the dairy industry as in other segments of production agriculture. Some of the small producers are exiting the industry and those that remain are increasing the size of their herds.

The return per \$100 of feed fed to dairy cattle in 2000 was \$197, the lowest since 1997. The average for the period from 1996 through 2000 was \$197 (Table 10). In 2000, milk prices per hundredweight decreased 20 percent from 1999. From 1999 to 2000, beef prices for market animals sold increased \$13.34 per hundred pounds, while feed costs decreased 25 cents per milk equivalent. Milk production per cow in 2000 of 18,702 pounds was slightly higher than in 1999 and at an all-time high for this group. The previous high was in 1999 at 18,399 pounds of milk produced per cow.

Dairy farmers have reduced the amount of pasture and dry hay and have increased the amounts of grain and silage fed over the past two decades. Pasture days per animal unit dropped from 145 in 1960, to 50 in 1970, to 15 in 2000. This shift indicates that significant pasture days are a thing of the past on nearly all dairy farms in this sample. However, some producers are beginning to experiment

again with intensive rotational grazing as a means of lowering costs.

The dairy herds in Table 16 were divided into groups based on herd size: the two "high efficiency" groups were those with 40 to 79 cows, and 80 or more cows. Efficiency is measured by the return above the cost of feed per cow. The larger herds averaged 144 cows, and the smaller herds averaged 59 cows. The return above feed costs per cow was higher for the larger herds, at \$1,664, compared to a return of \$1,610 for the smaller herds. The larger herds averaged 19,955 pounds of milk produced per cow, compared to 18,401 pounds of milk per cow for the smaller herds. Feed cost per milk equivalent was slightly higher for the larger herds, at \$5.39, compared to \$5.10 for the smaller herds.

The average return above feed costs per cow for all dairy herds was \$1,239 in 2000 (Table 16). This figure compares with the recent 5-year average of \$1,371 per cow (Table 11). For the years 1995 through 1999, the 5-year average return above feed costs required to pay market prices for all nonfeed costs is estimated to be about \$1,200 per cow. The estimated return above feed costs currently required to attract new investments for dairy herds is about \$1,300 per cow. Although the number of dairy herds has decreased, their size and efficiency have increased, and

Table 17. Average Milk Production Costs and Returns by Size of Herd, 1998 Through 2000

	40 to 79 cows in herd			80 or more cows in herd		
	2000	1999	1998	2000	1999	1998
Number of farms	40	44	47	41	37	38
Tillable acres	282	276	292	397	459	441
Number of cows	55.7	58.9	61.4	127.3	128.0	122.2
Milk per cow, lbs	18,102	17,651	17,557	20,090	18,860	18,976
	----- per cwt milk produced -----					
Price received	\$11.79	\$14.32	\$15.11	\$11.91	\$14.89	\$15.18
Cash costs						
Feed	\$ 6.29	\$ 6.63	\$ 7.05	\$ 6.17	\$ 6.48	\$ 6.84
Operating expenses						
Maintenance and power ^a	1.56	1.65	1.67	1.54	1.56	1.60
Livestock expense	1.42	1.25	1.40	1.68	1.68	1.68
Insurance, taxes, and overhead33	.28	.31	.34	.45	.35
Total operating expenses	\$ 3.31	\$ 3.18	\$ 3.38	\$ 3.56	\$ 3.69	\$ 3.63
Total cash costs	\$ 9.60	\$ 9.81	\$10.43	\$ 9.73	\$10.17	\$10.47
Other costs^b						
Depreciation	\$.74	\$.86	\$.92	\$.71	\$.79	\$.79
Labor	2.33	2.21	2.04	1.80	1.87	1.66
Interest charge on all capital	1.07	.96	.96	1.14	1.14	1.09
Total other costs	\$ 4.14	\$ 4.03	\$ 3.92	\$ 3.65	\$ 3.80	\$ 3.54
Total nonfeed costs	\$ 7.45	\$ 7.21	\$ 7.30	\$ 7.21	\$ 7.49	\$ 7.17
Total all costs	\$13.74	\$13.84	\$14.35	\$13.38	\$13.97	\$14.01
Return above all costs	(\$ 1.95)	\$.48	\$.76	(\$ 1.47)	\$.92	\$ 1.17

^aIncludes utilities, machinery, equipment and building repairs, machine hire, and fuel.

^bIncludes machinery, equipment, and building depreciation.

they have continued to increase the milk supply. Normal depreciation and wear-and-tear will soon require the reinvestment of greater amounts of capital in some of these businesses.

The data in Table 17 on dairy enterprises show a detailed breakdown of milk production costs and returns for dairy farms by the number of cows in the herd from 1998 through 2000. The farms included had no other livestock. All costs were accounted for either in crops or in the dairy enterprise. The total costs for the dairy enterprise were reduced by the amount of income derived from an inventory increase in the pounds of beef produced or sold, which was valued at the average price received for all weights of dairy animals sold from 1996 through 2000. The residual costs, amounting to 91 percent of the total enterprise costs, were then considered the net cost of producing milk.

The differences between the herds containing 40 to 79 cows and those containing 80 or more cows for the period from 1998 through 2000 is a combination of slightly higher returns and lower costs for the larger herds as compared to the smaller herds. For the 3-year period, the milk price for the larger herds is 25 cents per 100 pounds higher than that for the smaller herds, while total nonfeed costs per 100 pounds of milk sold for the larger herds were 19 cents lower than for the smaller herds. The major cost difference was 42 cents less for labor on the larger farms.

In 2000, feed costs per 100 pounds of milk produced decreased for both sizes of herds: 5 percent for the small herds and 5 percent for the large herds. The cost of feed averaged about 46 percent of total production costs in Illinois dairy enterprises. When compared with costs in 1999, total nonfeed costs increased 3 percent for the smaller herds and decreased 4 percent for the larger dairy herds. The total cost of producing 100 pounds of milk in 2000 was \$13.74 for the smaller herds and \$13.38 for the larger herds. The average price received for milk in 2000 decreased for both groups of dairy enterprises. Lower milk prices exceeded the drop in costs, resulting in returns above total production costs in 2000 that were lower than 1999 returns. Returns were a *negative* 1.95 per 100 pounds of milk produced for the smaller herds and a *negative* \$1.47 for the larger herds. The returns above all costs for the larger-herd group have averaged 44 cents more per 100 pounds of milk produced than the returns for the smaller-herd group from 1998 through 2000. This amounts to about \$11,300 more in returns per farm per year for herds in the larger-size group. Total returns above all costs were at the lowest level since 1984.

Beef-cow herds

The minimum size for a beef-cow herd included in Table 18 was 10 cows. Farms combining cow herds and purchased feeder cattle were not included. In addition to all farms, Table 18 gives an analysis of cow herds in which calves were sold at weaning time, comparing them with cow herds in which calves were finished to slaughter

weights. From 1956 through 1969, the average size of the herd on all farms ranged from 25 to 30 cows. From 1970 to 1973, the average grew to about 40 cows per herd and remained stable through 1989. The herd size remained the same at 44 cows in 2000, compared to 44 cows in 1999. Most Illinois farmers who maintain a beef-cow herd do so as a supplemental enterprise to market nonsalable feeds and labor.

The return per \$100 of feed fed to beef-cow herds averaged \$141 in 2000, which was the second highest since 1992. The returns for the 5-year period from 1996 through 2000 averaged \$118, which is below the 15-year average of \$130 for the period from 1986 through 2000 (Table 11). Beef prices received in 2000 averaged \$78.86 per hundredweight, an increase of \$8.54 from beef prices in 1999. Feed costs per 100 pounds of beef produced increased by \$3.07 to \$51.63 in 2000.

Since 1996, the return above feed costs per cow for the average farmer to feed out calves rather than to sell them at weaning has been about \$129 per cow. Additional returns are needed for the added costs of labor, buildings, and the capital required to feed out the calves. In 2000, the return above feed costs per cow for feeding calves to market weight was \$161 more than selling them at weaning. The difference in returns between the two enterprises in 2000 was the third largest it ever has been.

Table 18. Beef-Cow Enterprises, 2000 Averages per Farm

	All farms	Calves sold	Calves fed out
Number of farms	249	107	66
Number of cows in herd	44	47	45
Animal units in herd	65	61	78
Total lbs produced	31,761	22,325	50,055
Beef per cow, lbs	714	478	1,104
Total returns	\$23,192	\$ 17,397	\$33,588
Value of feed fed	\$16,399	\$ 13,751	\$22,756
Return per \$100 feed fed	\$ 141	\$ 127	\$ 148
Return above feed per cow	\$ 153	\$ 78	\$ 239
Death loss, lbs	1,708	1,922	1,599
% lbs produced	5.4	8.6	3.2
Weight per animal sold, lbs	731	532	1,108
Price per cwt sold—market	\$78.86	\$ 87.54	\$68.30
----- per cwt produced -----			
Feed costs	\$51.63	\$61.59	\$45.46
Grain, lbs	229	121	328
Protein and minerals, lbs	41	44	41
Total concentrates, lbs	270	165	369
Hay and dry roughage, lbs	753	1,064	527
Corn silage, lbs	402	368	450
Other silage, lbs	46	77	22
Pasture days	25	37	17
Pasture days per animal unit ..	124	138	107
Hay equivalent per cow, tons ..	5.7	5.1	6.0

Table 26. 2000 Operator Average Returns, Costs, and Financial Summary by Number of Cows in Herd for Illinois Dairy Farms

Area of state	Northern Illinois				Southern Illinois			
	10-39	40-79	Over 79	All farms	10-39	40-79	Over 79	All farms
Number of cows in herd								
Number of farms	8	46	34	88	3	7	18	28
Total acres in farm	301	313	523	393	214	383	447	406
Acres of tillable land	254	268	463	342	181	373	426	387
Operator tillable acres	221	260	452	331	181	323	413	366
Soil rating on tillable land	72	73	74	74	62	62	58	60
Percent land owned	18	51	48	47	41	29	31	32
Percent land crop shared	14	8	9	9	0	19	11	12
Percent land cash rented	68	41	43	44	59	52	58	56
Months of hired labor	0.7	4.0	18.5	9.3	1.4	9.6	20.7	15.9
Total months labor	13.2	18.3	34.7	24.2	13.4	21.9	38.9	31.9
Dollar returns								
Crop returns	74,836	91,813	157,479	115,641	54,314	123,678	131,867	121,511
Livestock returns above feed	29,278	66,800	164,868	101,278	33,713	60,744	198,473	146,388
Custom work	940	430	1,373	840	0	415	577	475
Other farm receipts	4,463	6,827	15,618	10,008	3,692	4,930	7,567	6,493
Value of farm production	109,517	165,869	339,338	227,768	91,719	189,767	338,485	274,866
Dollar costs								
Crop expenses	15,990	20,516	35,921	26,056	12,471	27,819	34,600	30,534
Power and equipment	22,750	41,770	81,021	55,206	25,459	40,073	91,553	71,602
Building and fence	2,887	8,253	22,534	13,283	3,542	9,563	16,203	13,186
Labor	28,870	43,788	74,889	54,448	32,619	43,236	71,023	59,961
Insurance and miscellaneous	4,476	5,741	10,643	7,520	3,247	6,919	11,168	9,257
Livestock services and supplies	8,996	16,130	52,115	29,385	8,370	15,381	38,504	29,495
Interest on nonland capital	12,055	20,937	43,888	28,997	10,389	19,398	47,110	36,248
Real estate taxes	848	4,008	6,459	4,668	1,332	1,732	2,816	2,386
Cash rent	14,907	12,589	26,265	18,083	8,000	5,792	22,301	16,641
Other land charges	8,256	10,995	21,429	14,778	4,776	17,936	11,802	12,583
Total nonfeed costs	120,036	184,727	375,164	252,424	110,205	187,850	347,078	281,892
Capital account adjustment	119	287	1,494	738	0	2,118	1,145	1,265
Management returns	-10,401	-18,571	-34,332	-23,918	-18,487	4,034	-7,450	-5,761
Farm production per \$1.00 of nonfeed costs	0.91	0.90	0.90	0.90	0.83	1.01	0.98	0.98
Farm production per man	112,885	120,185	139,413	126,950	81,890	114,805	120,144	114,711
Financial summary								
Cash operating income	128,037	192,193	446,626	284,664	102,863	209,722	457,112	357,309
Inventory change	6,457	4,191	-5,572	625	4,244	6,835	18,580	14,108
Accts. receivable (net change)	519	-76	150	65	0	12	-59	-35
Less purchased feed	14,458	25,127	82,878	46,470	15,389	25,972	123,356	87,442
Less purchased livestock	11,644	5,480	18,617	11,116	0	897	14,766	9,717
Gross farm returns	108,910	165,700	339,709	227,768	91,719	189,701	337,511	274,224
Cash operating expenses	71,299	112,730	266,462	168,360	54,861	119,948	229,927	183,675
Prepaid expenses (- if increased)	-734	-963	2,494	393	23	1,401	-463	55
Accts. payable (+ if increased)	298	814	791	758	0	-743	-4,678	-3,193
Total operating expenses	70,864	112,581	269,748	169,512	54,885	120,606	224,788	180,538
Income before depreciation	38,046	53,119	69,961	58,256	36,834	69,095	112,725	93,686
Less depreciation	9,288	18,476	34,113	23,682	13,005	20,498	44,014	34,813
Capital account adjustment	119	287	1,494	738	0	2,118	1,145	1,265
Net farm income	28,877	34,930	37,342	35,312	23,829	50,715	69,856	60,139
Net farm income per operator	27,581	32,619	25,731	29,500	23,829	45,722	45,848	43,457
Labor & mgt. income per operator	18,808	15,296	800	10,015	10,913	30,948	12,625	17,022

Note: Variations in totals due to rounding to the nearest dollar. Northern Illinois includes both northern and central Illinois.

Table 26a. 2000 Operator Average Operating Costs, Land Use, Yields, and Prices Received by Number of Cows in Herd for Illinois Dairy Farms

Northern Illinois					Southern Illinois			
Area of state	10-39	40-79	Over 79	All farms	10-39	40-79	Over 79	All farms
Number of cows in herd	8	46	34	88	3	7	18	28
Number of farms	8	46	34	88	3	7	18	28
Selected returns and costs per operator tillable acre								
Crop returns	339.39	352.98	348.11	349.58	300.08	382.90	319.08	332.16
Livestock returns above feed	132.78	256.81	364.44	306.17	186.26	188.06	480.24	400.16
Custom work, other receipts	24.50	27.90	37.56	32.80	20.40	16.55	19.71	19.05
Value of farm production	496.67	637.69	750.11	688.55	506.73	587.51	819.02	751.37
Soil fertility	24.68	29.20	28.63	28.62	29.52	37.05	31.76	32.81
Pesticides	26.52	27.09	28.20	27.64	17.74	25.21	24.09	24.00
Seed and other crop expense	21.32	22.58	22.58	22.50	21.64	23.86	27.87	26.66
Crop total	72.52	78.87	79.40	78.77	68.90	86.13	83.72	83.47
Light vehicle and utilities	13.49	23.47	24.97	23.66	13.74	18.25	31.67	27.76
Machinery repairs, supplies	26.26	43.62	44.34	42.95	37.21	28.07	54.42	47.69
Machinery hire, lease	13.93	20.92	33.20	26.98	7.48	8.78	35.18	27.89
Fuel and oil	16.96	20.33	22.65	21.35	15.90	18.92	22.94	21.68
Machinery depreciation	32.54	52.25	53.94	51.95	66.32	50.05	77.32	70.72
Power and equipment total	103.18	160.59	179.10	166.89	140.66	124.08	221.53	195.73
Drying and storage	5.40	4.48	6.90	5.82	2.78	3.30	1.39	1.89
Building repair and rent	3.11	9.86	23.25	16.53	11.26	19.29	11.19	12.98
Building depreciation	4.59	17.39	19.65	17.81	5.53	7.02	26.62	21.18
Building total	13.09	31.73	49.81	40.16	19.57	29.61	39.21	36.05
Labor, unpaid	124.63	136.43	83.56	107.78	162.43	82.84	102.40	101.27
Labor, paid	6.30	31.92	81.99	56.82	17.78	51.02	69.45	62.64
Labor total	130.93	168.34	165.54	164.60	180.22	133.86	171.85	163.91
Insurance and miscellaneous	20.30	22.07	23.53	22.73	17.94	21.42	27.02	25.31
Livestock services and supplies	40.80	62.01	115.20	88.83	46.24	47.62	93.17	80.63
Interest on nonland capital	54.67	80.49	97.02	87.66	57.40	60.06	113.99	99.09
Other costs total	115.77	164.58	235.74	199.22	121.58	129.10	234.18	205.02
Land charge	108.90	106.08	119.71	113.45	77.94	78.82	89.33	86.41
Total nonfeed costs	544.38	710.19	829.31	763.08	608.87	581.58	839.82	770.57
Capital account adjustment	0.54	1.10	3.30	2.23	0.00	6.56	2.77	3.46
Management returns	-47.17	-71.40	-75.89	-72.30	-102.14	12.48	-18.03	-15.75
Percent crop returns fed	69.13	96.22	126.87	105.60	69.80	63.39	160.93	126.78
Capital purchases	10,675	24,176	49,317	32,662	7,706	12,967	69,681	48,862
Interest paid	5,151	13,222	28,608	18,433	2,249	8,749	20,271	15,460
Percent tillable land in								
Corn and corn silage	46.8	51.0	53.2	51.9	34.4	42.5	50.5	47.8
Soybeans	25.0	16.4	17.9	17.8	20.8	24.3	20.4	21.3
Wheat	4.2	0.6	1.0	1.1	20.6	13.9	6.4	8.9
Other small grains	1.4	3.3	1.6	2.3	0.0	0.0	0.0	0.0
Diverted acres	1.7	0.1	0.0	0.1	2.6	0.0	0.1	0.2
All hay and pasture	19.5	27.1	25.4	25.7	21.5	16.6	15.7	16.2
Crop yields, bushels per acre								
Corn	147	141	142	142	113	134	137	135
Soybeans	46	42	41	42	50	47	45	46
Wheat	62	59	53	57	48	50	52	51
Prices received								
Corn (old crop)	1.86	1.84	1.78	1.81	1.83	1.70	1.94	1.80
Corn (new crop)	1.82	1.84	1.96	1.89	1.52	1.71	1.68	1.69
Soybeans (old crop)	4.83	4.67	4.59	4.64	4.91	4.76	4.94	4.86
Soybeans (new crop)	4.71	4.45	4.61	4.59	4.40	4.74	4.67	4.68

Note: Variations in totals due to rounding to the nearest dollar. Northern Illinois includes both northern and central Illinois.